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**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT
ORLEANS PARISH**

**SPECIAL PURPOSE FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/13/03

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Member
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Michael B. Bruno, CPA
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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

**The Office of the Clerk of the
Criminal District Court-Orleans Parish**
2700 Tulane Avenue
New Orleans, Louisiana

We have audited the accompanying special purpose financial statements of **The Office of the Clerk of the Criminal District Court - Orleans Parish (the Clerk of Court)** as of December 31, 2002 and for the year then ended as listed in the Table of Contents. These special purpose financial statements are the responsibility of the **Clerk of Court's** management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the lack of detail of the accounting records for the years prior to 2002, we were unable to satisfy ourselves as to the accuracy of the ending balance of bonds payable of \$364,896 as of December 31, 2002 by means of other auditing procedures. Therefore, we were unable to form an opinion on the ending balance of bonds payable. Also, because of inadequacies in the **Clerk of Court's** accounting records, we were unable to form an opinion regarding the amount of evidence revenue in the accompanying statement of revenues, expenditures and changes in fund balance (stated at \$62,458).

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

**The Office of the Clerk of the
Criminal District Court-Orleans Parish**
2700 Tulane Avenue
New Orleans, Louisiana
Page 2

As described in NOTE 2, the accompanying special purpose financial statements present information only on the funds maintained by the Clerk of Court and do not present information on any funds disbursed by the City of New Orleans for the Clerk of Court, the City of New Orleans, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the records concerning bonds payable been adequate and had evidence revenue been susceptible to satisfactory audit tests, the special purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Clerk of Court as of December 31, 2002 and results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2003 on our consideration of the Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. Also, that report identified reportable conditions which were considered to be material weaknesses.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 10, 2003



**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2002**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	
	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>Assets and Other Debit</u>			
Cash and cash equivalents (NOTE 3)	\$ 479,846	\$ -0-	\$ 479,846
Accounts receivable	10,231	-0-	10,231
Grant receivable	48,782	-0-	48,782
Furniture and equipment (NOTE 4)	<u>-0-</u>	<u>215,238</u>	<u>215,238</u>
 Total assets	 <u>\$538,859</u>	 <u>\$215,238</u>	 <u>\$754,097</u>
<u>Liabilities, Fund Equity and Other Credit</u>			
<u>Liabilities:</u>			
Allocations payable	\$ 560	\$ -0-	\$ 560
Accounts payable	392	-0-	392
Bonds payable	<u>364,896</u>	<u>-0-</u>	<u>364,896</u>
 Total liabilities	 <u>365,848</u>	 <u>-0-</u>	 <u>365,848</u>
<u>Fund Equity and Other Credit:</u>			
Investment in general fixed assets (NOTE 4)	-0-	215,238	215,238
Fund balance - unreserved/ undesignated	<u>173,011</u>	<u>-0-</u>	<u>173,011</u>
 Total fund equity	 <u>173,011</u>	 <u>215,238</u>	 <u>388,249</u>
 Total liabilities, fund equity, and other credit	 <u>\$ 538,859</u>	 <u>\$215,238</u>	 <u>\$754,097</u>

The accompanying notes are an integral part of these special purpose financial statements.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

Revenues

Services fees	\$132,808
Court allocation - fines and costs	13,400
State reimbursement-election expenses	23,765
Interest	8,893
Evidence	62,458
Grants	<u>67,951</u>
 Total revenues	 <u>309,275</u>

Expenditures

Advertising	5,594
Capital outlay	44,852
Convention and travel expenses	11,382
Custodian fee - voter machine	2,835
Insurance	3,252
Office expense	25,703
Meeting expense	5,036
Uniform allowances	3,262
Office supplies	31,337
Postage and freight express	6,198
Printing and binding	26,975
Professional services	8,054
Rent-equipment	17,036
Rent-facility	11,466
Repairs and maintenance	13,719
Telephone	9,158
Miscellaneous	<u>14,215</u>
 Total expenditures	 <u>240,074</u>

Excess of revenues over expenditures	69,201
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Fund balance, beginning of year	<u>103,810</u>
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Fund balance, end of year	<u>\$173,011</u>
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The accompanying notes are an integral part of these special purpose

financial statements.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET
(GAAP BASIS) AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Services fees	\$131,000	\$132,808	\$ 1,808
Court allocation-fines and costs	15,000	13,400	(1,600)
State reimbursement-election expenses	25,000	23,765	(1,235)
Interest	8,000	8,893	893
Evidence	38,000	62,458	24,458
Grants	<u>66,600</u>	<u>67,951</u>	<u>1,351</u>
Total revenues	<u>283,600</u>	<u>309,275</u>	<u>25,675</u>
<u>Expenditures</u>			
Advertising	5,500	5,594	(94)
Capital outlay	70,667	44,852	25,815
Convention and travel expenses	12,000	11,382	618
Custodian fee - voter machine	2,400	2,835	(435)
Insurance	-0-	3,252	(3,252)
Meeting expense	-0-	5,036	(5,036)
Office expense	35,800	25,703	10,097
Uniform allowances	4,000	3,262	738
Office supplies	26,000	31,337	(5,337)
Postage and freight express	6,000	6,198	(198)
Printing and binding	27,000	26,975	25
Professional services	13,000	8,054	4,946
Rent-equipment	17,000	17,036	(36)
Rent-facility	12,000	11,466	534
Repairs and maintenance	16,500	13,719	2,781
Telephone	8,500	9,158	(658)
Miscellaneous	<u>20,000</u>	<u>14,215</u>	<u>5,785</u>
Total expenditures	<u>276,367</u>	<u>240,074</u>	<u>36,293</u>
Excess of revenues over expenditures	7,233	69,201	61,968
Fund balance, beginning of year	<u>103,810</u>	<u>103,810</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 111,043</u>	<u>\$173,011</u>	<u>\$61,968</u>

The accompanying notes are an integral part of these special purpose financial statements.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - Organization:

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, **The Office of the Clerk of the Criminal District Court - Orleans Parish (the Clerk of Court)** serves as ex-officio custodian of voting machines and performs other election duties. The clerk is also a member of the parish jury commission which impanels persons for jury duty. The clerk is elected for a four-year term.

NOTE 2 - Summary of Significant Accounting Policies:

A. Basis of Presentation

The accompanying special purpose financial statements of the **Clerk of Court** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The Clerk of Court is an independently elected official; however, the **Clerk of Court** is fiscally dependent on the City of New Orleans. The City of New Orleans maintains and operates the parish courthouse in which the **Clerk of Court's** office is located and provides funds for payroll, equipment, supplies and furniture of the **Clerk's** office. Because the **Clerk of Court** is fiscally dependent on the City of New Orleans, the **Clerk of Court** was determined to be a component unit of the City of New Orleans, the financial reporting entity.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

B. Reporting Entity, Continued

The accompanying special purpose financial statements present information only on the funds maintained by **the Clerk of Court** and do not present information on any funds disbursed by the City of New Orleans for **the Clerk of Court**, the City of New Orleans, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Clerk of Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Except for certain cash accounts maintained by **the Clerk of Court**, the appropriations and related general operating expenditures for **the Clerk of Court** are reported within the general purpose financial statements of the City of New Orleans. The cash accounts maintained by **the Clerk of Court** are reported in a general fund. The various fees and charges (expenses, expungements, fines and costs and qualifications) and the cash bond accounts are accounted for in this fund.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using a flow of current financial resources measurement focus. The accompanying special purpose financial statements have been prepared on the modified accrual basis of accounting. The governmental funds utilize the following practices in recording revenues and expenditures:

- Revenues

Revenues are recognized when they become measurable and available.

- Expenditures

Expenditures are recognized and accounted for in the accounting period in which the liability is incurred, if measurable.

E. Budget Practices

The proposed budget which is prepared on the modified accrual basis of accounting, must be approved by the City Council of the City of New Orleans. The budget is legally adopted and amended, as necessary, by the Clerk of Court. All appropriations lapse at year-end. The amounts budgeted represent cash transactions which are processed by the City of New Orleans, and are not included in the accompanying financial statements.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

E. Budget Practices, Continued

For the general fund, the Clerk of Court has established a budget for service fees, court allocation-fines and costs revenues, state reimbursements, interest, evidence revenues and grant revenues. Budget amounts included in the accompanying special purpose financial statements include the original adopted budget and all subsequent amendments.

F. Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand, interest-bearing demand deposits, and time deposits. Under state law, the Clerk of Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized (reported) in the general fixed assets account group. General fixed assets provided by the City of New Orleans are not recorded within the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost.

H. Total Column on the Combined Balance Sheet

Total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Cash and Cash Equivalents:

At December 31, 2002, the Clerk of Court has cash and cash equivalents (book balances) totaling \$479,846 as follows:

Demand deposits	\$139,846
Time deposits	<u>340,000</u>
 Total	 <u>\$479,846</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2002, the Clerk of Criminal Court has \$448,782 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$574,287 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 4 - Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance <u>January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2002</u>
Equipment	<u>\$170,386</u>	<u>\$44,852</u>	<u>\$-0-</u>	<u>\$215,238</u>

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Risk Management:

The Clerk of Court is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which the Clerk of Court carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 6 - Operating Lease:

The Clerk of Court leases office equipment under operating leases expiring various years through 2006.

Minimum future rental payments under the non-cancelable operating lease that has a remaining term in excess of one (1) year as of December 31, 2002 for each of the next four (4) years and in the aggregate are:

<u>Year Ending</u>	<u>Amount</u>
2003	\$1,620
2004	1,620
2005	1,620
2006	<u>675</u>
Total minimum future rental payments	<u>\$5,535</u>



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**The Office of the Clerk of the
Criminal District Court-Orleans Parish
2700 Tulane Avenue
New Orleans, Louisiana**

We have audited the special purpose financial statements of **The Office of the Clerk of the Criminal District Court-Orleans Parish (the Clerk of Court)**, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 10, 2003. As described in Note 2 to the special purpose financial statements, the accompanying special purpose financial statements present information only on the funds maintained by the **Clerk of Court**. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **Clerk of Court's** special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Clerk of Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the special purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-01 to 02-04. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Clerk of Court in a separate letter dated April 10, 2003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above we considered items 02-03 and 02-04 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 10, 2003

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

We have audited the special purpose financial statements of the **Clerk of the Criminal District Court-Orleans Parish (the Clerk of Court)** as of December 31, 2002 and for the year then ended and have issued our report thereon dated April 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the special purpose financial statements as of December 31, 2002 resulted in a qualified opinion.

1. SUMMARY OF AUDITORS' RESULTS

- A. Reportable conditions in internal control over financial reporting were disclosed by the audit of the special purpose financial statements: Yes Material weaknesses: Yes.
- B. Noncompliance which is material to the special purpose financial statements: No.
- C. Reportable conditions in internal control over major programs: N/A Material weaknesses: N/A.
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: N/A.
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: Yes.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2002**

2. FINANCIAL STATEMENT FINDINGS

02-01 - Bond Payable

The Clerk of Court's cash bond records lack the detail to support the entire bond liability balance at December 31, 2002. Records to support many outstanding bonds due to defendants, originally recorded over twenty (20) years ago, were not available for our audit. Also, during the 2002 fiscal year, the Clerk of Court could not account for the issuance or nonissuance of 16 bond receipts. As such, the total bond liability associated with potentially issued bonds could not be determined.

We continue to recommend that the Clerk of Court perform procedures, by reviewing available cash bond records, to determine the amount of verifiable bond liabilities and the amount of bond liabilities which cannot be supported.

02-02 - Evidence Revenue

Subject to the type of criminal case involved, the Clerk of Court, as allowed by law, is permitted to retain a portion or all of the cash evidence, it held in custody, upon the end of the statute of limitation date for unclaimed cash evidence. As in the prior year, we noted during our audit that current procedures in place to retain unclaimed cash evidence; held in custody by the Clerk of Court, as provided by law, remain insufficient to ensure that all cash evidence revenue entitled to the Clerk of Court has been retained.

The Clerk of Court should immediately implement additional procedures to provide assurance that the cash evidence revenues included in its financial statement are complete. We realize this project will be a comprehensive process, therefore planning a cost beneficial approach to achieve reasonable internal controls is essential.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2002**

2. FINANCIAL STATEMENT FINDINGS, CONTINUED

02-03 - Seized Evidence Money

The Clerk of Court is the custodian of property and money evidence seized in connection with criminal proceedings. Money evidence is available to be returned to the owner, as ordered by the district judge or the district attorney, within five years after final disposition of the case.

By law, **the Clerk of Court** is entitled to the seized monies should owners not make claims within the statutory five year period after the disposition of defendant cases.

We noted during our audit that a former employee of the evidence room misappropriated \$1,366 in seized cash evidence monies. This former employee was eventually convicted of the above misappropriation and was obligated to pay **the Clerk of Court** restitution. No additional amounts of misappropriations were further detected by **the Clerk of Court** relating to this matter.

The Clerk of Court should immediately take steps to revise its current control procedures to ensure that seized money is adequately protected and accurately recorded, to reflect the amount of evidence money in its custody. **The Clerk of Court** should also consider conducting a physical inventory of seized evidence money and reconciling such inventory to seized evidence money records. Follow up should be performed for reconciling items. We realize that taking on such a project will be a comprehensive task, therefore, we believe that **the Clerk of Court** should initially develop a well devised inventory plan to efficiently maximize **the Clerk of Court's** resources. The completed inventory results will be very useful in ascertaining the amounts of evidence monies permitted by law to be retained by **the Clerk of Court**.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2002**

2. FINANCIAL STATEMENT FINDINGS, CONTINUED

02-04 Bond Collections

We noted during our tests of controls of bond collections that the Clerk of Court could not account for the sequential issuance or non issuance (e.g. voided) of 16 receipts. A former employee, in the bond issuance department, has admitted to the misappropriation of \$2,000 in bond collections. This misappropriation was discovered when two bondholders provided the Clerk of Court with evidence for the return of their bond monies and employees of the Clerk of Court's office could not locate the copies of their bond receipts. The Clerk of Court is current internally investigating the 16 unaccountable bond receipts. To improve weak internal controls in the bond collection area, we recommend that the Clerk of Court take immediate steps to revise bond issuance and collection procedures to ensure that all bonds are appropriately accounted for and all bond receipts are collected and immediately deposited intact to bank accounts. The Clerk of Court should establish internal control procedures to address asset protection, completeness and accuracy of cash receipts.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF PRIOR YEAR FINDINGS**

Section I - Internal Control and Compliance Material to the Financial Statements

01-01 - Bond Payable

We recommended that the Clerk of Court perform procedures, by reviewing available cash bond records, to determine the amount of verifiable bond liabilities and the amount of bond liabilities which cannot be supported.

Current Status

Unresolved. See current year finding 02-01

01-02 - Evidence Revenue

We recommended that the Clerk of Court implement additional procedures to provide assurance that the evidence revenue included in its financial statement are complete. We realize this project will be a comprehensive process, therefore planning a cost beneficial approach to achieve reasonable internal controls is essential.

Current Status

Unresolved. See current year finding 02-02.

01-03 Seized Evidence Money

We recommended that the Clerk of Court review its current procedures for the receipt and disbursement of money seized as evidence and revise such procedures to ensure that the Clerk of Court records accurately reflect the amount of evidence money in its custody at all times.

Current Status

Unresolved. See current year finding 02-03.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

See status of prior year management letter comments reported to management in a separate letter dated April 10, 2003.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
EXIT CONFERENCE**

An exit conference was held and the contents of the report was discussed. Those present were:

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH**

Mr. Larry C. Cager, Sr.

-- Interim Clerk

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA

-- Managing Partner

Mr. Lawrence C. Jones, CPA

-- Manager

This report is intended solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 10, 2003



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

**The Office of the Clerk of the
Criminal District Court-Orleans Parish**
2700 Tulane Avenue
New Orleans, Louisiana

We have audited the special purpose financial statements of the **Clerk of Criminal District Court-Orleans Parish (the Clerk of Court)** for the year ended December 31, 2002 and have issued our report thereon dated April 10, 2003.

In planning and performing our audit of the special purpose financial statements of the **Clerk of Court** for the year ended December 31, 2002, we consider the **Clerk of Court's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the special purpose financial statements and to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The comments that accompany this letter summarizes our findings and recommendations regarding these matters. This letter does not effect our report dated April 10, 2003, on the special purpose financial statements of the **Clerk of Court**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with appropriate members of management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

**The Office of the Clerk of the
Criminal District Court-Orleans Parish
Page 2**

This report is solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 10, 2003

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
CURRENT YEAR MANAGEMENT LETTER COMMENTS**

02-01 - Employee Reimbursement Policies

During our test of cash disbursements, we noted the following:

- One (1) instance whereby an employee was reimbursed for alcohol purchases totaling \$29, at a business lunch; and
- One (1) instance whereby the Clerk of Court paid one (1) month's cell phone bill for an employee of the Clerk of Court, which totaled \$780.

The Clerk of Court did not adhere to its stated policies and procedures relating to allowable employee reimbursements. Therefore, we recommend that the Clerk of Court take the necessary steps to ensure that personal expenses are not reimbursed to employees. The Clerk of Court should include in the gross income of employees any personal expenses paid on their behalf by the Clerk of Court.

02-02 - Cash Receipts

In our test of twenty (20) cash receipts, we noted ten (10) instances whereby bank deposits were made untimely. The Clerk of Court's procedures is to make cash receipt deposits no later than the next business day.

As in the prior year, we recommend that the Clerk of Court make deposits of each day's cash receipts the next business day and intact. This control procedures tends to prevent substituting of later cash receipts to cover a shortage.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
CURRENT YEAR MANAGEMENT LETTER COMMENTS**

02-03 - Fixed Asset Records

We noted during our audit that the Clerk of Court maintains detailed fixed assets records, which include amounts, with funds maintained by the Clerk of Court. However, these fixed assets were not tagged and an annual fixed asset inventory was not conducted. Our comment to management does not include matters relating to fixed assets purchased by the City of New Orleans for the Clerk of Court. Good internal control over fixed assets requires that fixed assets be tagged for identification purposes and that annual physical inventories of fixed assets be conducted to ensure the accuracy of fixed asset records.

We recommend that the Clerk of Court tag all fixed assets that belong to the Clerk of Court, include the tag numbers on the fixed asset record and conduct a physical inventory of fixed assets annually. Based on the results of the fixed asset inventory, the Clerk of Court should adjust the general fixed asset record and follow up on items not found during the physical inventory.

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS**

01-01 - Travel and Employee Reimbursement Policies

We recommended that the Clerk of Court take the necessary steps to ensure that payments to employees for per diem and business expense reimbursements are made according to established policies and procedures. In addition, any per diem payment in excess of the federal rate is required to be included in gross income of the employee and reported on the employee's W-2, subject to withholding.

Current Status

Partially resolved. See current year comment 02-01.

01-02 - Cash Receipts

We recommended that the Clerk of Court make deposits of each day's cash receipts the next business day and intact. This control procedure tends to prevent substituting of later cash receipts to cover a shortage. Also, any delay in depositing checks for services increases the risk that checks, when used as payment, will be uncollectible.

Current Status

Unresolved. See current year comment 02-02.

01-03 - Untimely Audit Report

We recommended that the Clerk of Court review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana within the six (6) month time frame.

Current Status

Resolved.



Office Of The Clerk Of Court

PARISH OF ORLEANS
CRIMINAL DISTRICT COURT
LARRY C. CAGER, SR., CLERK
EX-OFFICIO CUSTODIAN OF VOTING MACHINES



2700 Tulane Avenue
Room #115
New Orleans, Louisiana 70119
504-827-3520

June 30, 2003

Bruno & Tervalon LLP, CPAs
4298 Elysian Fields
New Orleans, LA 70122

Dear Sirs:

This is the Criminal Clerk of Court response to the auditor's findings contained in the audit report. The Clerk's office have had an opportunity to examine these findings and will make every effort to correct those areas where weaknesses exist.

If we can provide any additional information please feel free to contact us at (504) 827-3520.

Sincerely,

Larry C. Cager
Clerk of Criminal District Court

**CLERK OF CRIMINAL DISTRICT COURT
CORRECTIVE ACTION PLAN
FINANCIAL STATEMENT FINDINGS**

CONDITION	MANAGEMENT CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE
<p>02-01 Bonds Payable The independent auditors noted that cash bond records lack the detail to support the entire bond liability balance at December 31, 2002</p>	<p>The office of the Clerk of Criminal District Court has implemented procedures, which in the opinion of management fully satisfies any record keeping requirement related to the bonds held in trust. A detailed subsidiary ledger has been developed and is presently being utilized to account for all bond activity(bonds issued, refunded, forfeited) to the present.</p> <p>Notification to the proper authority and an investigation was performed in instances where bonds were missing in the past.</p> <p>We recognize the problem of bonds recorded over twenty years ago and the lack of detailed documentation for the auditor's review. This year we launched an all out effort to identify the bonds in order to reconcile the account.</p>	<p>Management anticipates a completion of adjustments to the bond account by December 1, 2003.</p>
<p>02-02 Evidence Revenue The independent auditors noted that the Clerk of Court should immediately implement additional procedures to provide assurance that the cash evidence revenues included in its financial statements are complete.</p>	<p>Management of CCDC concurs that this procedural deficiency exists and has been a problem in the past. We currently lack the resources to accomplish these results. However, the Clerk of Court recently received a grant and is in the process of installing a property and evidence tracking software program.</p>	<p>Management anticipates completion of this project by October 1, 2003.</p>
<p>02-03 Seized Evidence Money The independent auditors noted that the Clerk of Court should immediately take steps to revise its current control procedures to ensure that seized money is adequately protected and accurately recorded, to reflect the amount of evidence money in its custody.</p>	<p>Management of CCDC recognizes the problem associated with the inventory of money held in the evidence department. We have taken the necessary steps to minimize the possibility of theft by implementing better controls and procedures.</p>	<p>Management is considering the recommendation made by the auditor.</p>

FINANCIAL STATEMENT FINDINGS(continued)

CONDITION	MANAGEMENT CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE
<p>02-04 Bond Collections The independent auditors noted that the Clerk of Court should take immediate steps to revise bond issuance and collection procedures to ensure that all bonds are appropriately accounted for and all bond receipts are collected and immediately deposited intact to bank accounts.</p>	<p>Management of CCDC recognizes the problem and will review current procedures.</p>	<p>Management is considering the recommendation made by the auditor.</p>



Office Of The Clerk Of Court

PARISH OF ORLEANS
CRIMINAL DISTRICT COURT
LARRY C. CAGER, SR., CLERK
EX-OFFICIO CUSTODIAN OF VOTING MACHINES



2700 Tulane Avenue
Room #115
New Orleans, Louisiana 70119
504-827-3520

June 30, 2003

To: Bruno & Tervalon LLP, CPA's

From: The Office of the Clerk of Criminal District Court - Orleans Parish

Subject: Management Letter Comments

This is the Clerk of Court response to the independent auditor's comments to management. We have reviewed your comments and responded to those areas where response is appropriate. In reviewing this document we acknowledge weaknesses that exist and commented on corrective actions.

We are prepared to provide additional information where it is necessary. Please feel free to contact us at (504) 827-3520 should further comments or discussions be needed.

**CLERK OF CRIMINAL DISTRICT COURT
CORRECTIVE ACTION PLAN
PERTINENT TO THE INDEPENDENT AUDITOR'S
COMMENTS TO MANAGEMENT**

CONDITION	MANAGEMENT CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE
02-01 Employee Reimbursement Policies The independent auditors noted certain conditions in their test of cash disbursements.	Management of the CCDC will request immediate reimbursement for the indicated item as noted. Management of the CCDC will adhere to policy and procedure and ensure no more occurrences of overuse on the cellular phone. The employee was mistakenly told there was unlimited use of the minutes on telephone contract.	Corrective action completed.
02-02 Cash Receipts The independent auditors noted untimely bank deposits were made.	Management of the CCDC will adhere to policy and procedure. We have implemented new procedures with regard to bank deposits. We will work to improve those procedures in the future.	Management of the CCDC will ensure improvement of current procedures.
02-03 Fixed Asset Records The independent auditors noted that fixed assets were not tagged and an annual fixed asset inventory was not conducted.	The CCDC has performed a fixed asset inventory and all fixed assets are tagged. A copy of the report was submitted to the auditors. We will perform a fixed asset inventory annually and make adjustments accordingly.	Corrective action completed.